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Comparative Analysis of US and International Apparel Labor Regulations: An Exploratory Study

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Today's consumers prefer products from socially responsible brands (Nielson 2014) and are concerned about where and how their products are made. However, given that 97.3% of apparel consumed in the US is imported (AAFA, 2016), mostly from developing countries, it is difficult for US consumers to understand the social impact of their purchase choices, given that each supplier country has its own labor regulations. In this light, while the International Labor Organization (ILO) is a guiding organization overseeing international labor standards for its 187 member countries to uphold the purpose of the United Nations, individual federal laws have general jurisdiction over labor provisions in each country. This often leads to confusion for US consumers as well as misconstrued perceptions of labor practices prevalent in supplier countries. While some consumers use heuristics or product cues such as country-of-origin labels to evaluate their purchases (e.g.: preferring products made in US over China [Ha-Brookshire & Yoon, 2012]), others are left to wonder about the true social impact of their consumption choices.

Given the complex nature of apparel manufacturing, to help US consumers understand the social impact of their apparel consumption choices, the objective of this study was to develop a comprehensive understanding of labor regulations governing apparel manufacturing workers in the US, its supplier countries, and international labor regulation set by the ILO. For this study, the top three US-apparel supplier countries: China, Vietnam, and Mexico, (who are also ILO member countries) were identified (OTEXA, 2017). Specifically, the study focused on the research question: What are the differences and similarities between labor laws in the US, the three major US apparel suppliers and the ILO that affect apparel workers? A content analysis was used for this exploratory study. First, regulations impacting apparel manufacturing workers were identified for each of US (Fair Labor Standards Act [FLSA]), China (Labor Law of the People's Republic of China), Vietnam (Vietnam Labor Code), Mexico (Mexican Federal Labor Laws) and ILO. These regulations were retrieved from official government websites and analyzed for content. In circumstances where the regulations referred to additional law(s) (such as FLSA referring to Occupational Safety and Health Act for work environment regulations) such were also analyzed.

A data analysis revealed similarities, as well as differences, in labor standards across the countries, particularly related to the following categories: minimum working age, wage and overtime pay, unionization rights, working environments, and worker benefits including maternity considerations. First, minimum age for full-time work varied between 16 years (US and China) and 15 years (Mexico, Vietnam and ILO). Second, work-week was shortest for US (40 hrs), followed by China (44 hrs), and finally Vietnam and Mexico following ILO standard (48 hrs). Third, while the ILO and all countries left minimum wage at the discretion of each individual state/province/region. Only the US mentioned federal minimum wage at 7.25 USD, leaving each state for final decision. However, research into other regulations revealed average daily minimum wage in Vietnam as 65.4 VND (~ 3 USD), Mexico 80 pesos (~ 4.3 USD), and China 49.7 CNY

(~7.21 USD). Fourth, for all countries, overtime pay was 150% of base pay but could increase to 300% if employees work weekends/holidays in Vietnam and Mexico. Fifth, while ILO convention prohibits discrimination against unions/ unionized employees, only US federally mandate the same. China and Vietnam prohibited independent labor unions requiring workers to join only the government-controlled unions. Mexico allowed laborers to organize, yet required government approval, leading most unions (90%) to be associated with the government-run labor union. Sixth, although the ILO stipulated 30 minutes of workday break for every 5.5 hours of work, US, Vietnam and Mexico allowed 30 minutes for every 8 hours, with Vietnam specifying additional breaks for nursing mother and/or menstruating women. China, however, did not have any mandated rest break, except for nursing mothers. Seventh, for work environment, US closely followed the ILO regulations for air pollution, noise and vibration. China and Vietnam also listed specific prohibited environmental factors but Mexico was exceptionally vague on their safety requirements. Finally, for worker benefits, US employers with more than 50 employees were mandated to provide health insurance to at least 95% of employees. In Vietnam, employers with more than 10 employees were required to provide health insurance to all employees, with additional social security benefits for new mothers. China and Mexico covered employees through universal healthcare system. Finally, the most noticeable distinction was regulation related to maternity leave. While the ILO recommended 14 weeks of paid maternity leave, China and Vietnam allowed 98 days (plus seven months of limited labor requirements) and 6 months of paid leave (30 additional days for twins/multiple births) respectively. Mexico allowed 12 weeks of paid leave, while the US only allowed up to 12 weeks of unpaid leave.

The study provides a comparative and comprehensive understanding of international labor regulations affecting apparel manufacturing workers. Results indicated that, compared to its supplier countries, the US offered shorter work weeks, better rights to unionize, and, stricter work environment regulations. However, foreign supplier countries often provided workers with better benefits such as universal healthcare (China and Mexico), comparative wages (China), increased overtime pay (Vietnam and Mexico), as well as increased benefits for female workers (China, Mexico and Vietnam). Therefore, instead of using country-of-origin heuristics, consumers might be able to better ensure positive social impact by clearly understanding these labor regulations. Thus, brands might be able to leverage favorable consumer feedback by highlighting the positive aspects of their national labor laws. This tactic could be especially beneficial to countries suffering a negative image for off-shore manufacturing practices and countries suffering negative media portrayals for less-than-desirable social regulations. Future research comparing labor regulations and its impact on employee productivity/satisfaction might be beneficial.

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